

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Business Administration)**

CREDIT MANAGEMENT (8714)

CHECK LIST

SEMESTER: Autumn, 2012

This packet comprises following material:

1. Text book (One)
2. Course Outline
3. Assignment No. 1, 2
4. Assignment forms (2 sets)

In this packet, if you find anything missing out of the above-mentioned material, please contact at the address given below:

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(Course Coordinator)

ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Business Administration)

WARNING

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Course: Credit Management (8714)
Level: MS (Management Sciences)

Semester: Autumn, 2012
Total Marks: 100

Note: All questions carry equal marks. Attempt all the questions to be supported by examples with reference Banking Sector of Pakistan and relevant prudential regulations of State Bank of Pakistan.

ASSIGNMENT No. 1

- Q. 1 Explain the concept of prudential regulations and its importance in banking business. Discuss and evaluate the prudential regulations for commercial banking in detail. (20)
- Q. 2 Explain the concept, pros and cons of deposits at cost plus profit margin pricing strategy used by commercial banks in detail. (20)
- Q. 3 Explain the various steps taken by the banks in lending process in business loans. Critically discuss the precautionary measures to be taken by the banks in order to resolve the problems in loan situations. (20)
- Q. 4 Explain various methods used for pricing business loans used by commercial banks in Pakistan. Discuss the strengths and weakness of these methods in detail. (20)
- Q. 5 Explain the various short term loans offered by banks in Pakistan. Discuss the operational procedures of working capital loans and assets based loans to be provided to business firms. (20)

ASSIGNMENT No. 2

Total Marks: 100

- Q. 1 Define credit derivatives and its importance in the banking system. Critically evaluate the credit derivatives market in Pakistan. (20)

- Q. 2 Explain duration gap management and how it is determined by the banks in Pakistan. Discuss and evaluate the process. (20)
- Q. 3 Define investment securities and its importance. Discuss and evaluate the various factors affecting various choices of a bank for investment securities in the present circumstances in Pakistan. (20)
- Q. 4 Define the securitizing bank loans in detail. Discuss and evaluate the securitization of loans against mortgage adopted by banks in Pakistan in detail. (20)
- Q. 5 Define small and medium enterprise loans system and its importance. Discuss and evaluate the SMEs loans system in Pakistan. (20)
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Course: Credit Management
Level: MS (Management Sciences)

Course Code: 8714
Credit Hours: 03

Unit 1: An Introduction to the Business of Banking

- 1.1 Banking Services in Pakistan
- 1.2 Impacts of government Policy and Regulation for Banking in Pakistan
- 1.3 Measuring and Evaluating Bank Performance in Pakistan

Unit 2: Managing Bank Sources of Funds

- 2.1 Deposits and Pricing Deposit-Related Services in Pakistan
- 2.2 Pricing Deposits Strategies used in Pakistan
- 2.3 Basic (Lifeline) Banking Liability Management in Pakistan
- 2.4 Alternative Non-Deposit Sources of Bank Funds in Pakistan

Unit 3: Providing Loans to Business and Consumers

- 3.1 Factors Determining the Growth and Mix of Bank Loans
- 3.2 Prudential Regulations for landings Loans
- 3.3 Handling Problem Loan Situations in Pakistan

Unit 4: Lending to Business Firms

- 4.1 Loans to Business Firms in Pakistan
- 4.2 Pricing Business Loans
- 4.3 Applications of Cost-Plus Loan Pricing Method and Price Leadership Model in Pakistan

Unit 5: Consumer and Real Estate Lending

- 5.1 Types of Loans Granted to Individuals and Families in Pakistan
- 5.2 Relevant Prudential Regulations by SBP For Consumer Loans
- 5.3 Real Estate and Mortgage Loans System in Pakistan

Unit 6: Managing the Bank's Investments Portfolio and Liquidity Position

- 6.1 Investment Instruments Available to Banks in Pakistan
- 6.2 Factors Affecting the Banker's Choice Among Investment Securities in Pakistan
- 6.3 Demand and Supply of Bank Liquidity System in Pakistan

Unit 7: Asset-Liability Management and Hedging Against Interest Rate and Credit Risk-I

- 7.1 Asset-Liability Management (ALM) Strategies and their Rules in Pakistan
- 7.2 Interest Rate Risk: One of the Banker's Greatest ALM Challenges in Pakistan
- 7.3 Duration Gap Management in the Banking System in Pakistan

Unit 8: Asset-Liability Management and Hedging Against Interest Rate and Credit Risk-II

- 8.1 Process of Securitizing Bank Loans and Other Assets in banks operated in Pakistan
- 8.2 Beginnings of Securitization—Home Mortgage Market
- 8.3 Sales of Loans to Raise Funds
- 8.4 Concept of Standby Credit Letters and Factoring in Pakistan

Unit 9: Special Categories of Lending Management in Pakistan

- 9.1 Priority Sector Lending
- 9.2 Advances To Small and Medium Enterprises
- 9.3 Relevant Prudential Regulations by SBP for Small and Medium Enterprises
- 9.4 Agriculture Finance
- 9.5 Different Types of Documentation in Credit Management
- 9.6 Supervision and Control of Advances
- 9.7 Recovery of Advances

Recommended Books:

- Bessis Joel (2009) *Risk Management in Banking*. John Wiley & Sons
- Koch W. timothy and Macdonald Scott S. (2009) *Bank Management*. Thomson South-Western
- Mehta Dileep R and Fung Hung Gay (2004) *International Bank Management*. Wiley-Blackwell
- Padmalatha Suresh (2011) *Management of Banking and Financial Services*. India Pearson Education
- Rose S. Peter and Hudgins C. Sylvia (2007) *Bank Management & Financial Services* the McGraw-Hill Companies.